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ABSTRACT

The rationale and objectives of a 1973 report, entitled "Planning and Management in Universities" (PMU), is described, followed by a discussion of the problems of introducing business concepts into universities. Problems facing organizations that introduce management innovations are examined: life cycle of an innovation; visible cost and intangible benefits; increasing complexity; and the managerial "tool-kit" (planning, allocating, collecting and keeping records, and evaluating). (Author/SPG)

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Introduction

This talk aims to describe briefly the rationale and objectives of the Planning and Management in Universities Report.* I will then consider the problems of introducing business management concepts into universities and I will conclude by a brief look forward towards what we all hoped might emerge from the publication of the PMU Report.

The report had no less than five authors (of separate sections) and, inevitably, with such a wide coverage of subject matter not all of us were agreed on every point. The main Sussex based theme of Part One is a very different approach to the more electric style in Part Two. The former chose a radical and controversial model solution, while the latter placed more alternatives before the reader. Having disposed of this key difference in technique, we should now consider the common rationale of all of us.

The application of managerial concepts and techniques to universities is the main theme of the report. Its objective is to remove the suspicion and distrust of management ideas and to help improve the quality of decision-making in a university. A basic premise of the report is that a more professional administrative service and better information can help the academic staff of the institution perform this management function.

When starting to write this paper, I was slightly shaken by two newspaper comments which caught my attention. One was a glaring headline "Management teams threaten education" and the other was a memorable phrase in a letter to The Times about the University Grants Committee. The writer said that it seemed "designed to erode the democratic process and to continue our progress to a land fit (only) for management consultants to live in". These were not very auspicious omens.

*Planning and Management in Universities: A study of British Universities, John Fielden and Geoffrey Lockwood, Chatto & Windus, 1973

The application of managerial concepts to higher education has always seemed to involve a clash of philosophies; the one being in its extreme version cost and effectiveness orientated in which quantitative factors are supreme and the other having an innate reverence for academic values and beliefs. To combine these is analogous, some say, to mixing oil and water. Others more tolerantly suggest that glucose in the bloodstream might be an apter analogy.

The two concepts are based on opposing views of a university. One talks of agreed university objectives from which its activities and programmes are deducted. These activities maximise the energies of university staff, the last penny of resources and the remotest corner of university space for the production of output. The alternative view considers the university a collection of individuals with no overriding common objective. If they are to be responsive to the needs of society and the broader demands of advancing knowledge they must be free to question predetermined plans.

In most organisations experience has shown that the introduction of management innovations is beset with problems. Let us consider three of these.

1. Life cycle of an innovation

Inventions, even administrative ones, suffer from a cycle of acclaim, over application, modification and adaptation and eventually absorption. Some do not ever recover from the over application phase and are so heavily modified that little benefit results. A good example is industrial work study which reached its peak with its adaptation in payroll systems, but has now declined to be just one of many techniques used by industrial managers.

PPBS (Planning Programming Budgeting System) is a typical administrative invention now at the modification stage. The American experience was that the euphoria at its introduction led to serious underestimates of the problems and a disastrous loss of confidence after the

inevitable failures. Gradual recovery, redefinition and modification are now under way.

A major problem, therefore, about new techniques lies not in themselves but in the human optimism about their results. This leads to over application. One example concerns the use of formulae and ratios in university planning and resource allocation. Their obvious failing, that they usually reflect historical trends because they are drawn from historical data, is sometimes overlooked. It is extremely easy for a ratio to become an inflexible standard since one exception will open the floodgates of discussion. On the other hand, over-zealous application can lose formulae-based allocations and plans and all the backing of those who support them for reasons of equity.

2. Visible costs and intangible benefits

It is always hard to analyse new administrative appointments, equipment or procedures because while the costs are so tangible, the benefits are unquantifiable - better information, improved internal control, quicker records. The occasional exceptions are enormously satisfying - an O and M study which really proves its worth, or a computer application which genuinely reduces overdraft interest. Some innovations have undoubted cost penalties. My firm recently completed a survey of 110 large industrial users of computers; almost all said they expected future computer applications to be unjustifiable in economic terms. They had exhausted the simple applications which claimed to be cost-effective. Most universities are at approximately the same stage of development. How much is improved management information really worth? How high dare we push a university's administrative cost? Are there any economies of scale in administration which allows us to justify these new tools and assistants? Answers to these questions will never be possible.

3. Increasing complexity

Administrative aids, which are intended to simplify or at any rate assist decision-making, often tend to

complicate it. Discussion on the mechanics of the formula, tool or process embraces all the interested parties. Inter-relationships between resources that were not previously identified add to the complexity. Managerial time of senior academic and administrative staff is absorbed in understanding then explaining the technical complexities. Paper work inevitably increases. How tempting to follow the Duke of Wellington, who in 1810 informed the Secretary of State for War that he would not allow any of his officers to attend to "the futile drivelling of mere quill-driving in your Lordship's Office". The complexity of issues can also throw an issue or a valuable technique into disrepute. Many university academic staff when examining the latest refinement of a forecasting model must echo the words of Douglas Houghton MP, who said of the recent Annual Public Expenditure Survey "It has become a highly sophisticated financial version of Old Moore's Almanack".

The real cost of university government has not ever been identified, since it would include not only the visible administrative effort, but the increasing academic effort demanded by the need for participation and the growing complexity of topics.

4. The managerial tool-kit

The four functions of any management are to plan, to allocate, to control and keep records, and to evaluate. An academic institution places the greatest emphasis, correctly, on the first two functions. Little or no sensitivity is aroused by the control and record keeping activities and because of this administrative techniques have largely concentrated on this sphere. Budgetary control reports, computerised inventories of equipment, internal audits of catering and residential systems are familiar elements of all university scenes.

5. Life cycle of an innovation

When we consider the planning and allocation functions of a university we are treading on delicate ground where

academic sensitivities can easily be aroused. It is here that management tools can be of value, but can also cause ripple effects and harmful over-reactions out of proportion to any of their benefits. A good example is to be found in the use of computers for calculating budgetary allocations to department. One university has done this by programming a moderately sophisticated allocation using marginal costs of extra students in each department. We thus reach the key questions. How far should quantitative tools be built into a university's principal managerial processes? Can one leave planning models or resource allocation formulae to reach quantitative conclusions which are only then subjected to qualitative analysis? How many value judgements will have been inexorably excluded by the stages of the calculations?

No general answers can be given to these questions, since the vital factor in each university is not the technique or tool used, but the manner in which its data is considered, evaluated and amended in the decision-making process. To take the extremes, a computer calculated print-out of a quinquennial resource allocation to departments could be used either as the Vice-Chancellor's brief for action in an autocratic environment or as the basis for a Senate sub-committee review in the more participative institution. If an O and M unit is asked to examine workloads of departmental secretaries before approval is given to additional posts, their recommendations could always be overruled.

University decisions should preferably be taken against a disciplined background of measured evaluation. The quantitative support for decision-makers will display the resource effects of a decision, may describe the existing and future situations in ratios and may suggest alternative uses for the same funds. Their role is therefore to illustrate extremes, to call for academic justification of excesses and to confirm that any one academic development will rule out others in bids for funds.

In some cases the unit cost data, the space limitations or the resource implication may be the decisive factor in a decision. Often it will be overruled by an academic

judgement, but this is then done consciously. Even though quantitative factors may only provide half the inputs to a decision, taxpayers and governments are wishing to know that they have always been taken into account. The situation should thus represent a partnership between the opposing concepts and not a confrontation. Experience seems to show that there is no automatic correlation between liberality of resources provision and academic achievements since many innovations have resulted from a cost-conscious and financially stringent environment.

All the managerial functions of a university can benefit in the same way from the use of administrative techniques. They should form part of the managerial tool-kit used by the leadership. If applied without qualitative overlay, they may produce as wrong an answer as would a reliance solely on qualitative factors without the discipline of the managerial approach.

6. Problems in applying the management ethos

A management consultancy cliche is that all organisations in the last resort have the same characteristics and behaviour patterns and thus all are susceptible to the same remedies and cures. Universities must genuinely be excluded from this generalisation. For two (among many) reasons they have special features which weaken the managerial reliance on quantitive methods and tools.

> no one can define efficiency in the university context. Not only can the products of universities fail to be measured in any way at all, but the processes whereby these products emerge is wholly unknown. No university can satisfactorily define its objectives, and each of its main activities are inseparably woven with each other. It is thus nonsense to relate inputs to outputs (costs to students or costs to research) and then compare them with ratios obtained from elsewhere. The questions of perspective and time are also relevant: input-

output ratios can be judged and valued quite differently from the viewpoints of society, of the individual and of the institution. Each will apply different criteria over a varying time frame;

- the second reason concerns the need for universities to be pioneers and to lead the nation in creative thought. People who are creative are not always attuned to the virtues of measured analysis. George Bernard Shaw put it succinctly: "the reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man". Using this terminology, universities will be staffed by many "unreasonable men". Thus it may sometimes be necessary to support irrationality and brilliance at the cost perhaps of cost-effective production and to seize sudden expensive options rather than predictable cheap ones, if the university is to achieve one of its primary aims. The existence of this factor will complicate life for the leadership of the university, since less brilliant minds will not hesitate to claim similar exemption from rational and financial evaluation.

The PMU Report must be assessed against the background that I have outlined. One should therefore be careful not to have too high a set of aspirations for it. We ourselves, as authors, realised that any small improvements would be welcome and, even if no structural or methodological changes occurred, we should be content with having increased discussion and identification of new issues and problems. Obviously we hope that the report would be used inside universities as a focus for debate and as an introductory "primer" for new entrants to the profession of administration. We were not rash enough to imagine that any university would adopt the model committee or administrative structures in Part One, but we hope that all will consider them in their local context. As I have tried to describe, any change

in management processes in organisations is beset with difficulties, the added idiosyncracies of universities set a further challenge. PMU is thus one of many change agents and if it is to achieve anything needs commitment and patience from individuals seeking change inside each institution.

Since the report was published the impetus for change and review of existing procedures has not entirely slowed down. Two of the four universities who endured "visitations" have since combined in a DES/OECD research project. Alfred Morris has continued a programme of research at the University of Sussex. I have since begun to enter the delicate area of teaching methods and costs of new technology as an aid to teaching. Active consideration is being given to the publication of a series of monographs as detailed aspects of administrative "best practice", e.g. the Catering Office, the Admissions Officer's work. One is still forced to conclude, in the hallowed tradition of all research workers, that "much needs to be done" and that "more funds should be devoted to continuing the work!" However harrowing one's economic plight and however difficult the cost-benefit analysis of management innovations I firmly believe that the search for methods of improving university management must continue. Management skills are not only valued in times of prosperity.